

## SUBCOMMITTEE NO. 2

## Agenda

Byron Sher, Chair  
Sheila Kuehl  
Bruce McPherson



Thursday, May 20, 2004  
Upon Adjournment of Session  
Room 112

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### Resources--Environmental Protection—Public Safety—Energy

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## Proposed Consent Items

**Action Items.** *Staff Recommendation:* Staff recommends the Subcommittee approve the following issues and finance letters. No issues or objections have been raised with these proposals.

### **0550 Youth & Adult Correctional Agency**

#### **1. May Revise: Restructuring YACA**

*Finance Letter Request.* The Finance Letter requests that Item 0550-001-0001 be increased by \$1,715,000 and Reimbursements be decreased by \$258,000 and 12 positions be added to provide increased oversight and policy direction to departments under the supervision of the Youth and Adult Correctional Agency. Funding for this proposal is provided through corresponding reductions to the California Department of Corrections (\$1,515,000) and the Department of the Youth Authority (\$200,000). YACA indicates that it has been borrowing positions from agencies under its supervision to perform the necessary oversight tasks.

### **0690 Office of Emergency Services**

#### **2. May Revise: 2004 Homeland Security Grant and 2004 Urban Areas Security Initiative Grant Programs.**

*Finance Letter Request.* This Finance Letter requests that Item 0690-101-0890 be increased by \$156,078,000 to provide the following grants to local and state agencies: 2004 State Homeland Security Grant Program, 2004 Law Enforcement Terrorism Prevention Program, 2004 Citizen Corps Program, and the 2004 Urban Area Security Initiative.

#### **3. May Revise: General Fund Reduction**

*Finance Letter Request.* This Finance Letter requests a General Fund reduction of \$256,000 by re-directing positions to available non-General Fund support in the Disaster Assistance Division and by replacing General Fund with reimbursements for the California Specialized Training Institute.

#### **4. May Revise: California Wildfires Estimates**

*Finance Letter Request.* This Finance Letter requests a General Fund reduction of \$4.1 million to reflect the most recent estimates related to the Southern California Wildfires. These new estimates are based on a more detailed inspection of damage and a new assessment of program eligibility at the federal level.

#### **5. May Revise: Federal Administration Funds**

*Finance Letter Request.* This Finance Letter requests an increase of \$519,000 in federal funds. This change will provide the Office of Emergency Services (OES) the ability to charge the State Homeland Security Grant Program, the Law Enforcement Terrorism Prevention Program, and the Citizen Corps Program for the administrative costs associated with administering these federal grants. Up to 3 percent of these funds are allowed to be used for administering the grants.

**0820 Department of Justice****6. May Revise: Allocation of Previous Unallocated Reductions**

*Finance Letter Request.* The Governor's Budget included a reduction of \$2.5 million General Fund to the Criminal Law Division and an unallocated General Fund reduction of \$3,003,000. These reductions are to be scheduled as follows:

- \$3,571,000 General Fund from the Division of Law Enforcement. This reduction will result in the elimination of 34 positions, and the transfer of workload from the Bureau of Narcotics and California Bureau of Investigation Office located in Orange County to the Los Angeles Regional office.
- \$1,849,000 General Fund from the California Justice Information Services Division. This action will result in a reduction of various operating and equipment expenses.
- \$83,000 General Fund from the Firearms Division. This would result in a reduction of general operating expenses for the division.
- A reduction of 7.8 temporary help positions from the Administrative Services Division.

The Department indicates these reductions are least detrimental to the ability of the department to fulfill its constitutional duty.

**7. May Revise: Armed Prohibited Persons System Reappropriation**

*Finance Letter Request.* This Finance Letter requests that Item 0820-491 be added to the Budget Bill to provide a reappropriation for funding authorized in the 2003 Budget Act. This item would reappropriate \$2.663 million General Fund to allow the DOJ to continue development of the Armed Prohibited Persons System database.

**5240 Department of Corrections****8. May Revise: Reduction Due to YACA Restructuring**

*Finance Letter Request.* This Finance Letter requests a decrease of \$1,515,000 General Fund to reflect redirection of resources to the Youth and Adult Correctional Agency to provide increased correctional oversight and policy direction to subordinate departments.

**5430 Board of Corrections****9. May Revise: Reappropriation of Violent Offender/Truth in Sentencing Grant Program**

*Finance Letter Request.* This Finance Letter requests the addition of Item 5430-490 to reflect the reappropriation of \$6,269,000 federal funds for the Violent Offender Incarceration/Truth in Sentencing Grant program. These funds will be available for expenditure through December 31, 2005.

**10. May Revise: Juvenile Justice Grant Realignment**

*Finance Letter Request.* This Finance Letter requests that the Board be decreased by 9.8 positions and that Item 5430-004-0001 be amended to reflect the redirection of 6 existing staff from expiring programs to support the Juvenile Justice Grant Program acquired when the Office of Criminal Justice Planning was eliminated.

**5460 Youth Authority****11. May Revise: Reduction to Fund the Restructure of YACA**

*Finance Letter Request.* This Finance Letter requests a reduction of \$200,000 General Fund and 2.5 positions is proposed in Item 5460-001-0001 to fund a portion of the cost to restructure the Youth and Adult Correctional Agency.

**12. May Revise: Appropriate Funds from the Proposition 98 Reversion Account**

*Finance Letter Request.* This Finance Letter requests that \$440,000 be reappropriated from the Proposition 98 Reversion Account.

**8120 POST****13. May Revise: Transfer to State Operations from Local Assistance for Peace Officer Training**

*Finance Letter Request.* This Finance Letter requests that state operations from the Peace Officer Training Fund be increased by \$118,000 and local assistance be decreased by \$118,000 to provide administrative support for Peace Officer Training. This funding, when restored in the 2003 Budget Act, was included as local assistance. Of the \$25,500,000 restored, \$118,000 should have been restored as state operations.

**8180 Payments to Counties for the Costs of Homicide Trials****14. Finance Letter -- Transfer Expenditure Authority.**

*Finance Letter Request.* This Finance Letter requests a decrease of \$254,000 in this item to reflect a transfer to Item 0450-101-0001 (State Trial Court Funding). This is a conforming issue with Item 0450 101 0001 which would increase State Trial Court Funding by \$254,000.

**8840 Commission on Uniform State Laws****15. May Revise: Support Reduction**

*Finance Letter Request.* This Finance Letter requests that the budget for the CUSL be reduced by \$24,000. Pursuant to Control Section 4.10, the Commission was to take a \$24,000 reduction, however, DOF indicates that the adjustment was erroneously omitted from the Governor's budget.

**8700 California Victim Compensation and Government Claims Board****16. Criminal Restitution Compacts (CRCs).**

The board supports county staff through 25 CRCs with local law enforcement agencies. The main responsibility of these state-funded county positions is to encourage judges to impose restitution orders on offenders whose victims have filed claims with the board.

At the hearings on March 11 and May 6, the Subcommittee held this issue open pending receipt and review of additional information from the board related to how this program works and potential other benefits of the program. The Board has indicated that it will continue examining this program to ensure its cost effectiveness. Under new direction, the Board is examining its policies and practices in order to reduce its administrative costs.

Action.

## May Revise Augmentations Proposed for Vote-Only

Action Items. *Staff Recommendation.* Staff recommends approval of the following May Revise Finance Letters that contain augmentations.

### 0552 Office of the Inspector General

#### 1. May Revise: Creation of an Office of Independent Review and Increased Support for the OIG.

*Finance Letter Request.* This Finance Letter requests an increase of \$4.9 million and 25 positions to provide additional staff and resources to enhance and strengthen the Office's operations, and to establish the Office of Independent Review, to meet federal court demands for additional oversight of the internal affairs operations of the California Department of Corrections (*Madrid v. Woodford*), and the Department of the Youth Authority. Fifteen of the requested positions are requested to establish the Office of Independent Review (OIR) in three regional locations. Based on a model currently used in the Los Angeles County Sheriff's Department, the OIR is intended to provide real-time oversight of CDC's Office of Investigative Services and CYA's Office of Internal Affairs.

*Workload Methodology.* The request indicates that during 2004-05 the OIG will develop a methodology to adjust its budget based on a change in workload. This methodology will take into account the number and types of investigations, length of the investigations, and staffing required by type of investigation, and will be used to adjust the Office's budget beginning in 2005-06.

Action.

### 0820 Department of Justice

#### 2. May Revise: Flood Litigation Workload

*Finance Letter Request.* This Finance Letter requests an increase of \$1.5 million General Fund and 9.4 positions (3.3 positions on a two-year limited-term basis and 6.1 positions on a one-year limited-term basis) to address litigation resulting from the California floods of 1986 and 1997. (Funding would be reduced to \$513,000 in 2005-06). Budget Bill language to revert any funding not expended for this litigation to the General Fund, and to allow the Department to submit a Section 27.00 request if the costs of this litigation exceed the amount appropriated, is also proposed.

Provisions:

Of the amount included in Schedule (6) of this item, \$1,500,000 is available for costs related to litigation for the 1986 and 1997 California floods. Any funds not expended for this specific purpose shall revert to the General Fund.

Notwithstanding Section 27.00 of the 2004 Budget Act, the Department of Finance may submit a deficiency request if flood litigation expenses exceed the amount appropriated for this purpose.

Action.

#### 3. May Revise – Capitol Outlay: Santa Barbara Replacement Laboratory

*Finance Letter Request.* This Finance Letter requests a new appropriation of \$8,098,000 in lease revenue bonds to continue the construction phase of the Santa Barbara Laboratory replacement project. Bids

exceeded the previous appropriation by more than 35 percent , a new appropriation will be necessary to continue this forensics laboratory. Part of this request is the addition of a new reversion item to revert the existing construction appropriation of \$5.5 million.

Action.

## **5240 Department of Corrections**

### **4. May Revise Population Estimates.**

*Finance Letter Request.* The administration requests \$115.0 million in current year and \$177.5 million in budget year to fund the costs of increased inmate and parole populations. Most of this increased funding reflects unachieved reductions in the inmate population that were expected to be achieved through Legislative reforms enacted in the *2003-04 Budget Act*. The population reductions were not achieved primarily because of on-going delays implementing the reforms, as well as unanticipated increases in new admissions to prison from counties. The department assumes a prison average daily population (ADP) of 161,876 in the current year and 157,259 in the budget year. Of note, the budget year projection is 8,387 ADP higher than estimated in the January budget proposal.

Action.

### **5. May Revise: Statewide Parole Revocation Capital Facility Improvements for Valdivia**

*Finance Letter Request.* This Finance Letter requests an augmentation of \$5.4 million for Statewide Parole Revocation Capital Facility Improvements for Valdivia. This project is intended to help CDC meet the mandated hearing time frames for parolees. The project will consist of renovating or construction hearing rooms, attorney rooms, holding cells, restroom facilities, office space, etc., depending on the facility and the projected number of earings. This facility request conforms to the Valdivia support Finance Letter.

Action.

### **6. May Revise: Investigative and Employee Discipline Remedial Plan**

*Finance Letter Request.* This Finance Letter requests an increase of \$1.9 million General Fund to provide the necessary staff to represent the Department at State Personnel Board hearings, and provide sufficient investigative standards to comply with the Employee Discipline Remedial Plan, submitted to the court as part of *Madrid v. Woodford*.

Action.

### **7. May Revise: Valdivia Remedial Plan.**

*Finance Letter Request.* The administration proposes 264 positions and \$22.2 million for CDC to implement the *Valdivia* Remedial Plan in compliance with a federal judge's court order to reform the state's parole revocation process. The court found that the current revocation system unfairly denied parole violators their rights to a probable cause hearing and a speedy trial, a process that can take over a month and often as long as three months.

The remedial plan makes several significant changes to the revocation process including the implementation of a probable cause hearing for all revoked parolees within ten business days, the provision of attorneys, the holding of revocation hearings within 35 days, and the centralization of parole hearings at reception centers. Of the 264 positions requested, 105.8 correctional officer positions are to facilitate the movement and guarding of revoked parolees at reception centers, and 102.0 parole agent positions are to facilitate the expedited hearing process.

Action.

## **5440 Board of Prison Terms**

### **8. May Revise: Workload Projections**

*Finance Letter Request.* This Finance Letter requests that Item 5440-001-0001 be increased by \$117,000 to address revised hearing workload projections. This proposed adjustment reflects an increase in the projected level of inmate parole consideration hearing workload. Also, the proposed adjustment reflects a revision to the number of minutes required for staff to conduct hearings and reviews.

Action.

## **5460 Youth Authority**

### **9. May Revise: Ward Population Adjustment.**

This Finance Letter requests a net increase of \$6,348,000 for the budget year to reflect revisions to the projected changes in ward and parole populations. This increase includes a General Fund increase of \$4,385,000, an increase of \$309,000 in Reimbursements and an increase of \$1,654,000 in Proposition 98.

The revised institutional population for the budget year is projected to be 3,895 which is 318 more than anticipated in the Governor's Budget. The Youth Authority projects a year-end parole population of 3,755, a decrease of 55 from the level assumed in the Governor's Budget.

Action.

## 8830 Law Revision Commission

The primary objective of the California Law Revision Commission (CLRC) is to make recommendations to the Governor and the Legislature for revision of the law. The CLRC assists the Governor and the Legislature in keeping the law up to date by studying complex subjects, identifying major policy questions for legislative attention, gathering the views of interested persons and organizations, and drafting recommended legislation for consideration. The CLRC may study only topics that the Legislature authorizes by concurrent resolution.

*Budget Request.* The budget proposes expenditures of \$527,000 (\$512,000 General Fund and \$15,000 in reimbursement authority) and 4.2 positions. This amount is \$1,000 greater than estimated expenditures in the current year. Pursuant to Control Section 4.10 CLRC was reduced by \$67,000 and 0.8 positions.

*Finance Letter Request.* The May Revise proposes to eliminate the CLRC, effective January 1, 2005. The Administration indicates that the workload currently performed by the CLRC could be transferred to the Legislature.

*Comments.* The Commission's purpose is to keep the state's legal infrastructure in good repair, to the direct benefit of business, government, and the people of the state.

- CLRC has served the state for 50 years, assisting Governor and Legislature in accomplishing major reforms of the law that require more careful and in depth study than the ordinary legislative process permits
- CLRC has submitted approximately 350 recommendations, of which more than 320, or 95%, have been enacted in whole or substantial part
- More than 1,500 appellate decisions have cited to CLRC reports for interpretation of the law
- Legislation enacted on CLRC recommendation affects more than 20,000 sections of the California codes, e.g.:

The cost of this function to the state is modest, currently about \$500,000 annually. Third parties contribute to the Commission's projects to a greater extent than the state — a minimum of \$750,000 annually. That amount would be entirely lost to the state if the Commission were eliminated. The state would also lose the substantial savings to the Legislature and to state and local government (including the courts) that result from the Commission's work. Those savings are real and substantial, and dwarf the contributions of third parties.

*Staff Recommendation.* Staff recommends rejection of the Finance Letter. Action.



## 0855 California Gambling Control Commission

### 1. Special Distribution Fund

*Expenditure of SDF monies in the current year.* The Legislature appropriated \$94 million from the Special Distribution Fund in 2003-04 as follows:

- About \$15 million was spent on gambling regulatory activities.
- Chapter 210, Statutes of 2003 (AB 673, Horton), transferred \$51 million on a one-time basis from the Special Distribution Fund to the Revenue Sharing Trust Fund to ensure that eligible Indian tribes received the maximum payments allowed (\$1.1 million).
- Chapter 210 also established the Office of Problem and Pathological Gambling in the Department of Alcohol and Drug Programs (DADP) to develop a problem gambling prevention program. The DADP was provided \$3 million for the program. The administration proposes trailer bill language to repeal Chapter 210 and eliminate a scheduled \$3 million appropriation for the same purpose in the budget year.
- Chapter 858, Statutes of 2003 (SB 621, Battin), appropriated \$25 million from the Special Distribution Fund to local government agencies affected by tribal gaming.

Chapter 858 specifies that priority for funding from SDF is in the following descending order:

- a) An appropriation for any shortfalls that may occur in the Revenue Sharing Trust Fund
- b) An appropriation for problem gambling prevention programs in the Office of Problem and Pathological Gambling within the State Department of Alcohol and Drug Programs;
- c) The amount appropriated in the annual Budget Act for allocation between the Division of Gambling Control and the California Gambling Control Commission (CGCC) for regulatory functions that are directly related to Indian gaming; and,
- d) An appropriation for the support of local government agencies impacted by tribal gaming.

Chapter 210 requires the CGCC to report to the Legislature the amount of funding from the SDF necessary to make up the difference between the \$1.1 million maximum and the actual amount paid to each eligible tribe from the Revenue Share Trust Fund. Chapter 858 requires the Department of Finance, in consultation with the CGCC, to calculate the total revenue in the SDF that will be available for local government agencies impacted by tribal gaming.

*Appropriating SDF Monies Through the Budget Act.* The current budget does not propose to expend the funds from the SDF. In order to appropriate funding from the SDF pursuant to the priorities specified in Chapter 858, staff is proposing trailer bill language that requires the CGCC to report the deficiency in the Revenue Sharing Trust Fund to the Legislature at the time of the May Revise rather than after the end of the fiscal year, and specifies the maximum amount eligible per eligible tribe, and specifying that any funds transferred from the SPD to the Revenue Sharing Trust Fund that are surplus revert back to the SDF.

In addition, budget bill language would be required that (1) created a budget item to transfer funds from the SDF to the Revenue Sharing Trust Fund, and (2) appropriates funds from the SDF for the support of local government agencies impacted by tribal gaming.

*Staff Recommendation.* Staff recommends adopting trailer bill language and budget bill language to allow for regular appropriations of the SDF, for purposes prioritized in Chapter 858, to be done through the regular budget process. DOF and CGCC have not raised objections to the language. The budget bill language is on the following page.

Action.

[New Item (Amount to be determined by CGCC). Transfer item to provide backfill for IGRSTF]

0855-111-0367—For transfer by the Controller, upon order  
of the Director of Finance, from the Indian Gaming  
Special Distribution Fund, to the Indian Gaming Rev-  
enue Sharing Trust Fund. (XXXXXXXXXX)

[New Item (Amount to be determined – funding for local gov mitigation).]

0855-101-0367—For local assistance, California Gambling  
Control Commission, payable from the Indian Gaming  
Special Distribution Trust Fund..... XXXXXXXXXXXX  
Provisions:

1. Funds appropriated in this item shall be used to provide grants to local government agencies pursuant to Section 12715 of the Government Code. This funding is available without regard to fiscal year.
2. Notwithstanding any other provision of law, the Department of Finance may augment the amount available for expenditure in this item, if sufficient funds are available in the Indian Gaming Special Distribution Fund after fulfillment of the provisions of Government Code Section 12012.85 (g).

[Change to 0855-101-0366 (*changes in italics*)]

0855-101-0366—For local assistance, California Gambling  
Control Commission, payable from the Indian Gaming  
Revenue Sharing Trust Fund..... 46,000,000  
46,000,000 *plus the transfer*  
*item amount*

1. The funds appropriated in this item are for distribution to noncompact tribes *pursuant to Section 12012.9 of the Government Code.*

[Provisions 2 and 3 would remain unchanged]

## 0690 Office of Emergency Services

### 1. May Revise: Funding for the Office of Homeland Security

In February 2003, executive order D-67-03 established the Office of Homeland Security(OHS). The order established the Director of the OHS as the individual primarily responsible for coordinating state security efforts of all departments and agencies.

*Finance Letter Request.* This Finance Letter requests \$2 million in federal funds and 13 positions (12 CEAs and one Executive Assistant) to establish funding for the OHS in the budget. The OHS is currently borrowing six positions from other agencies.

*Analyst's Recommendation regarding establishing OHS.* With regards to establishing OHS, the LAO indicates that it is unclear why the office would need 12 CEA positions (all with salaries over \$100,000) to perform the identified tasks. Other than administering and coordinating the federal homeland security grants, OES does not identify specific workload associated with OHS. For these reasons, the LAO recommends the proposal be reduced by \$959,000 and four positions. The LAO notes that this revised organization would still represent almost a doubling of existing staff. In addition the LAO notes that the savings could be used for grants to state and local agencies.

*Staff Recommendation.* Staff recommends approval of the Finance Letter as requested.

Action

### 2. California Anti-Terrorism Information Center

*Finance Letter Request.* This Finance Letter proposes provisional language requiring OHS to report on the effectiveness of the California Anti-Terrorism Information Center by October 1, 2004.

*Analyst's Recommendation.* The LAO supports the need to formally establish OHS and review CATIC. With regards to reviewing CATIC, the LAO recommends the proposed budget bill language be amended to require the CATIC review report, due on October 1, 2004, should also be provided to the Legislature.

1. The Director of Homeland Security *jointly with the Department of Justice* shall prepare a report for the Director of the Department of Finance, *the chairperson of the fiscal committees in each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee* by October 1, 2004 on the effectiveness of the California Anti-Terrorism Information Center (CATIC). This report should include; how the CATIC funds are being spent by the Department of Justice, whether or not CATIC is meeting the requirements of the Memorandum of Understanding between the Governor's Office and the Department of Justice, what should CATIC ~~be focusing on~~ *do to make them* become more effective, and a recommendation related to the future of CATIC. The recommendations of the report shall be used in the preparation of the 2005-06 Governor's Budget regarding the use and appropriate placement of CATIC funds.
2. CATIC shall enter into a new Memorandum of Understanding with the Governor's Office that identifies the current mission of CATIC and the operation of a joint State terrorism threat assessment center.

*Staff Recommendation.* Staff recommends approval of the language with the italicized and strikethrough changes above.

Action.

### **3. Domestic Violence Grants**

*Background.* In FY 2001/02, OCJP released a competitive Request for Proposal (RFP), which resulted in ten shelters previously funded under DVAP not being reselected for funding. Shortly thereafter, AB 664 was passed to appropriate \$2 million per year for three years to fund the ten shelters previously funded by OCJP. The OES notes that the former Interim Executive Director of OCJP indicated in a Senate Oversight Hearing on Domestic Violence, that the ten shelters would be merged into the DVAP after AB 664 expired.

*Staff Comments.* The OES has indicated that if the 10 AB 664 shelters had been reduced in the last three years at the same proportion as the 75 shelters, the \$2 million would be reduced by \$156,000. The OES indicates that have not found any money to backfill the loss of funding through AB 664. The OES indicates that should the 10 AB 664 shelters be folded in with the 75 that all the shelters would take a 13 percent decrease in funding.

*Staff Recommendation.* Staff recommends an augmentation of \$2 million for this program.

Action.

## 0820 Department of Justice Issue

### 1. May Revise: Legal Divisions Structural Budget Solutions

*Finance Letter Request.* An augmentation of \$7.3 million General Fund to support increased litigation workload within the Criminal Law, Civil Law, and Public Rights Divisions of the department is proposed.

A structural deficit of \$11.3 million has been created in the DOJ budget of the DOJ's Legal Divisions -- \$4.6 million in the Civil Law Division, \$3.7 million in Criminal Law, and \$3 million in Public Rights. The DOJ indicates that the deficit is directly attributable to (1) an increase in General Fund workload without funding, (2) lack of special fund reimbursement due to an incorrect billing rate methodology, and (3) not being able to meet salary savings requirements as a result of maintaining the same legal services within existing, yet already reduced staffing.

*Adjustment to the Hourly Rate.* In assessing the structural deficit, the DOJ has recognized that approximately \$4.0 million in administrative costs (i.e. supervisory time, training, etc.) for special funded litigation activities have been paid for through their General Fund appropriation. The Department intends to adjust this error by increasing its hourly attorney rates to appropriately address these costs. The DOJ is raising its hourly rate from \$132 to \$139.

The correction in attorney rates will provide the DOJ with \$4.0 million in reimbursements. An augmentation of \$7.3 million General Fund is proposed to provide the remaining funding necessary to address the increased litigation costs and to eliminate the structural funding problem.

*Oversight of Litigation Deposit Fund.* Additionally, to provide oversight over LDF spending in the future, trailer bill language to require Department of Finance approval prior to any expenditure from the LDF for litigation costs incurred by the Department is also proposed

Proposed Amendments to Government Code Section 16427:

16427. The fund is under the control of the Department of Justice, hereafter referred to as "the department." The department shall maintain accounting records pertaining to the fund, including subsidiary records of individual litigation deposits and the disbursements thereof, *and shall prepare and submit to the Department of Finance quarterly reports concerning the activity of the fund which details the number of deposits received, disbursements to claimants, the receipt of interest income, and what amount, if any, was used for the litigation costs of the department.* The department shall file a claim with the State Controller to pay out money in the fund to whomever and at such time as the department may direct; provided that if a sum of money in the fund was deposited pursuant to order or direction of the court, that sum shall be paid to whomever and at such time as the court may direct. *Any funds from settlement orders that are directed to the department as cost recoveries for its litigation efforts may be expended by the department only upon approval from the Director of Finance.* Any residue remaining in a deposit account after satisfaction of all court-directed claims *or payment of departmental expenditures approved by the Department of Finance* for that account shall be transferred *no later than July 1 of each fiscal year* to the General Fund.

*Staff Recommendation.* Staff recommends approval of the Finance Letter regarding the augmentation, the rate increase and the proposed budget bill language.

Action.

## 2. Public Rights Law Enforcement Special Fund

*Budget Request.* The budget proposes a reduction of \$500,000 for the Public Rights Division from the General Fund and would appropriate \$500,000 from the proposed Public Rights Law Enforcement Fund.

*Trailer Bill Language.* Last year, the Legislature approved a proposal to allow the DOJ to recover all reasonable attorneys fees and costs, and that whenever the DOJ prevails in a civil action to enforce specified public rights, the court shall award to the DOJ all costs of investigating and prosecuting the action, including expert fees, reasonable attorney fees and costs.

*Issue.* In 2003, section 1021.8 of the Code of Civil Procedure was enacted in a budget trailer bill, AB 1759. The measure's purpose was to allow recovery of DOJ costs in specified types of cases in exchange for reduced general fund appropriation. Experience implementing the law reveals some significant omissions -- case types that consume extensive staff time and litigation costs beyond the DOJ budget. In fiscal year 2003/2004, to date DOJ has recovered only \$227,304 pursuant to CCP § 1021.8.

The proposed additions are provisions used by the Public Rights Division with sufficient frequency that their inclusion is likely to improve the Division's ability to recover some of its costs. The recoveries will fluctuate dramatically from year to year, but the DOJ anticipates the proposed amendments could result in a handful of \$100,000 recoveries each year. Some of the statutes are enforced at the behest of general fund clients who refer cases DOJ is not budgeted to handle.

### Proposed Amendments

Section 1021.8 of the Code of Civil Procedure is amended to read:

1021.8. (a) Whenever the Attorney General prevails in a civil action to enforce Section 17537.3, 22445, 22446.5, 22958, ~~or 22962, 22963~~ of the Business and Professions Code, Section 52, 52.1, ~~or 55.5.1~~, or 3494 of the Civil Code, the Corporate Securities Law of 1968 (commencing at Corporations Code section 25000), the California Commodity Law of 1990 (commencing at Corporations Code section 29500), Section ~~1603.1~~ 1615, 2014, or 5650.1 of the Fish and Game Code, Section 4458, 12606, 12607, 12598, 12989.3, 16147, 66640, 66641, or 66641.7 of the Government Code, Section 13009, 13009.1, 19958.5, 25299, 39674, 41513, 42402, 42402.1, 42402.2, 42402.3, 42402.4, 43016, 43017, 43154, 104557, or 118950 of the Health and Safety Code, Section 30101.7 of the Revenue and Tax Code, Section 308.1 or 308.3 of the Penal Code, Section 2774.1, 4601.1, 4603, 4605, 30820, 30821.6, ~~or 30822, 42847, or 48023~~ of the Public Resources Code, or Section 275, 1052, 1845, 13261, 13262, 13264, 13265, 13268, 13304, 13331, 13350, or 13385 of the Water Code, the court shall award to the Attorney General all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs. Awards under this section shall be paid to the Public Rights Law Enforcement Special Fund established by Section 12530 of the Government Code.

(b) This section applies to any action pending on the effective date of this section and to any actions filed thereafter.

*Staff Recommendation.* Staff recommends approval of the proposed amendments.  
Action.

## 5440 BOARD OF PRISON TERMS

### 1. Valdivia Remedial Plan

*Finance Letter Request.* The administration proposes 134.4 positions and \$35.4 million for BPT to implement the *Valdivia* Remedial Plan in compliance with a federal judge's court order to reform the state's parole revocation process. The court found that the current revocation system unfairly denied parole violators their rights to a probable cause hearing and a speedy trial, a process that can take over a month and often as long as three months.

The remedial plan makes several significant changes to the revocation process including the implementation of a probable cause hearing for all revoked parolees within ten business days, the provision of attorneys, the holding of revocation hearings within 35 days, and the centralization of most parole hearings at reception centers and contracted facilities. The additional positions requested in BPT include 15.6 deputy commissioners to conduct the additional hearings, 17.0 correctional counselors to provide security and administrative support at hearings located in local jails, and 80.1 positions to provide administrative support of the expedited revocation process. In addition to this request, the administration is also requesting \$27.6 million in CDC for additional security, parole workload, and capital improvements associated with implementing the remedial plan.

*Analyst's Recommendation.* The LAO recommends approval of the administration's proposal and notes that the caseload and workload assumptions in the request seem reasonable given past practices and the details of the remedial plan. However, the LAO notes that a technical adjustment needs to be made to reduce the number of requested Deputy Commissioner PYs from 15.6 to 11.9 to accurately reflect the department's workload assumptions.

*Staff Recommendation.* Staff recommends approval of the LAO recommendation.  
Action.

## 5430 BOARD OF CORRECTIONS

### 1. May Revise: Federal Funds to Offset Administrative Costs

This Finance Letter requests a decreased of \$601,000 to reflect the use of federal funds rather than charging fees to locals to fully support the administrative costs of the Board, as proposed in the Governor's Budget. It is requested that Item 5430-001-0890 be added to reflect the use of \$301,000 federal funds to support administrative costs of the Board and Item 5430-001-0001 to be amended to reflect this change. The balance of the reduction to the Board of Corrections Administration Fund (\$300,000) will be supported through the redirection of existing federal funds.

*Staff Comments.* At the hearing on May 6, the Subcommittee rejected the fee for service proposal and restored \$1.8 million in General Fund to the Board. Staff notes that these federal funds could offset some of the General Fund that was restored at the May 6 hearing.

*Staff Recommendation.* Consistent with the previous action by the Subcommittee, staff recommends reducing the General Fund augmentation from the May 6 hearing by \$601,000 to reflect the use of federal funds rather than General Fund to support the administrative costs of the Board.  
Action.

### 2. May Revise: Juvenile Justice/CYA Reforms

This Finance Letter requests an increase of \$500,000 to provide planning for Juvenile Justice/California Youth Authority Reforms.

The request proposes to use the Board of Corrections to facilitate any implementation of a realignment of CYA Parole should the Juvenile Justice Working Group (JJWG), and the Administration, reach a final consensus on the issue. Should that occur, the Board intends to administer this effort in ways that promote economy, quality, efficiency, and the highest degree of safety for the public, for the correctional staff involved, and for the wards. The Board is fully committed to a collaborative approach which incorporates both state and local interests.

*Analyst's Recommendation.* The LAO notes that the proposal provided no details about how the BOC planned to use the requested amount. Nonetheless, the LAO believes that juvenile justice reform may be consistent with legislative priorities. The LAO recommends approving \$250,000 with budget bill language making the appropriation contingent upon submittal of a detailed plan describing how the BOC plans to use the funds. The following budget bill language is consistent with this recommendation:

5430-001-0001. Of the funds appropriated in this item, \$250,000 shall be used for the Board of Corrections (BOC) to facilitate a study and plan for juvenile justice and California Youth Authority reform. Prior to the expenditure of these funds, BOC shall submit to the Legislature a detailed plan describing how they will use the funds.

*Staff Recommendation.* Staff recommends approval of the LAO recommendation.  
Action



**3. Reduction in TANF Funding for Probation Services**

*Governor's Budget Proposal.* The administration has proposed to allow the block grant funding to sunset in October 2004, resulting in a reduction of \$134 million in 2004-05 for juvenile probation programs. The budget includes \$67 million for these services from July through October 2004.

*Impact on Public Safety and State Costs.* The LAO notes that the local system of juvenile probation is the first line of defense against future criminality for these youthful offenders and that research has shown that early intervention programs can be effective in preventing future crime by youthful offenders. To the extent that these programs are no longer available, it could result in a reduced level of public safety.

Additionally, the proposed reduction would also result in more juveniles being sent to the state Youth Authority, thereby increasing General Fund costs. In addition to the many problems recently highlighted in CYA, the cost for housing a juvenile in the CYA is significantly greater than the cost in a local ranch or camp program.

*Staff Recommendation.* Staff recommends providing \$134 million in General Fund to provide funding for County Probation using the existing allocation formula. Staff further recommends that the funding be distributed as local assistance by the Board of Corrections.

Action

## 5460 DEPARTMENT OF THE YOUTH AUTHORITY

### 1. Closure of Mount Bullion Camp.

*Budget Request.* The budget proposes savings of \$2.4 million in 2004-05 from the closure of the Mount Bullion Camp in Mariposa County. This camp is located on CDF property and assists CDF fire crews during fire season. This is one of four camp programs operated by the CYA. According to departmental regulations CYA staff is responsible for the custody and supervision and treatment of assigned offenders while the CDF staff plans and supervises the work projects performed by the wards.

*Department Rationale.* The CYA indicates that it is proposing the closure of this camp because there are not enough qualified wards to fill the camp facilities. CDF has minimum criteria for accepting wards into the program. Current criteria includes: physical fitness, no history of arson, no escapes, no sex offenses, only low level offenders, no suicidal behavior for two years, free from psychotropic medication for at least 4 months, and the ward must be discipline free for six months. CYA indicates that Mt. Bullion was proposed for closure because it had the lowest population of the camps at the time – 38 wards. The design capacity is 80 wards.

The closure of the camp is expected to save \$2.4 million or approximately \$30,000 per-year-per-ward at capacity. The average cost if filled to the 100 level would approach \$24,000 per-year-per-ward. This is significantly lower than the average cost for the department of nearly \$74,000 per-year-per-ward.

The CYA indicates that it does not have the population to fill the camp beds that it is currently operating.

*Staff Recommendation.* Staff recommends rejecting the proposal to close Mount Bullion camp for the purpose of sending the issue to conference and to give CYA time to reassess program criteria and design. Action.

### 2. May Revise: Post Relief Factor

*Finance Letter Request.* This Finance Letter requests an increase of \$3.5 million General Fund to increase the existing budgeted relief coverage for posted positions. Of this funding \$964,000 is for vacation relief coverage. Also, Program 21—Bargaining Unit 6 Provision 8.05 Section H, is added and reflects funding for training relief coverage of \$2,510,000, and the following language added:

- (X) The funds contained in Schedule (1.5) of this Item are to provide post coverage for employees when they are attending the Off-Post Training Sessions, as specified in Provision 8.05, Section H of the Memorandum of Understanding with the California Correctional Peace Officers' Association that is valid from July 1, 2001 through July 2, 2006.

*Staff Recommendation.* Staff recommends adoption of the Finance Letter. Action.

## 5240 DEPARTMENT OF CORRECTIONS

### 1. Visiting Day Reduction

As part of the CDC's current year reductions pursuant to Control Section 4.10, all prisons reduced their visiting days to Saturdays, Sundays and designated holidays. Previously, most prisons offered as many as four visiting days. This proposal was estimated to save \$5.6 million in 2003-04 and \$11.1 million in 2004-05. The reduction in visiting days has imposed significant hardships on inmate families, particularly for those who have work schedules that make weekend visiting impossible. In one case, CDC recently imposed a \$10,000 fee on the Los Angeles Archdiocese for this year's "Get on the Bus" day, a special Mother's day effort that helps families visit inmates in state prisons for women. CDC indicated that this fee for a Friday visit was needed to pay staff and overtime costs.

*Staff Recommendation.* Restore \$6.7 million to provide at least three visiting days a week for each prison.

Action.

### 2. May Revise: Medical Guarding and Transportation

*Finance Letter Request.* The department requests 114.9 positions and \$18.2 million in budget year to provide permanent positions and overtime funding to transport prisoners to and guard prisoners at local hospitals. The proposal uses past years' medical transportation and guarding costs to determine the amount of funding requested.

*Analyst's Recommendation.* The LAO recommends two-year limited term funding of the department's proposal.

The LAO notes that while the department's proposal has merit, the department is also proposing a number of significant changes to how it will provide inmate health care services that could impact the department's reliance on local hospitals. One such proposal would have Hepatitis C biopsies performed in prisons medical units rather than local hospitals which should result in less need to transport and guard inmates at hospitals for that procedure. In addition, the LAO believes there may be further opportunities for the department to reduce their expenditures on medical guarding and transportation. Such opportunities might include (1) identifying additional common procedures that could be done in prisons rather than in hospitals, (2) finding alternative and more efficient ways to staff medical guarding and transportation, and (3) establishing contracts with hospitals located closer to individual prisons to reduce the cost of medical transportation.

*Staff Recommendation.* The CDC indicates that the medical guarding positions will be adjusted in January and at the May Revise every year. Staff recommends approving the request.

Action.

### 3. May Revise: Administrative Segregation Overflow

*Finance Letter Request.* The administration proposes 195.6 positions and \$16.8 million in budget year to augment the department's budget for administrative segregation housing units (ASU). The ASUs are

designed to be temporary housing units to house inmates that need to be separated from the general inmate population for a variety of reasons. This proposal assumes institutions will require a number of ASU beds equal to their minimum usage in 2003. Based on this usage level, the request proposes to convert living units at some institutions to permanent ASUs with increased staffing levels. Additional overtime and temporary help funding is also proposed to address bed needs above what would be available in the ASUs established under this proposal. The overtime and temporary help funds would be allocated to the institutions during the fiscal year on an as-needed basis to be determined by department headquarters.

*Analyst's Recommendation.* The LAO recommends that the Subcommittee send the administration's request for additional ASU funding to conference committee to allow further review regarding departmental policies related to administrative segregation. The LAO believes that the structure of this proposal has merit as it would more accurately fund ASU usage, thereby reducing the department's overtime and temporary help deficiencies. In addition, the department's request to control ASU funding at headquarters level could result in prison administrators having to manage their ASU populations more effectively because they will not be assured of receiving additional funds. This provision, therefore, could result in a reduction in total ASU expenditures from past years.

The LAO notes that this proposal leaves several questions unanswered. First, what will be the department's policies regarding which inmates are placed in and removed from ASUs? Anecdotal evidence suggests that current department policies are broad and usage varies significantly between institutions. If placement and removal policies are not amended to reflect what types of inmates should be priority placements and removals from ASUs, then prison administrators may have difficulty managing their ASU populations as efficiently as intended under this proposal. Second, what will be the criteria under which it will be determined whether institutions receive additional ASU funding from headquarters? Third, what will happen if the overtime and temporary help dollars controlled at headquarters are not spent by the end of the fiscal year? Based on this final concern, the LAO recommends that the Legislature consider adopting the following Budget Bill Language:

Provision x. It is the intent of the Legislature that any funds allocated to the California Department of Corrections for the purpose of staffing administrative segregation units that remain unspent at the end of the fiscal year revert to the General Fund.

*Staff Recommendation.* Staff recommends approving the Finance Letter request, but reducing the amount by \$1,000 to send the issue to conference. Staff also recommends adoption of the LAO proposed budget bill language.

Action.

#### **4. Business Information System (BIS) Project.**

*Finance Letter Request.* The purpose of the BIS Project is to automate CDC's financial, personnel, and procurement practices. The total project costs are currently estimated to be \$155 million General Fund over the next 10 years. The May Revision proposes \$4.6 million General Fund and 10 positions to develop the procurement documents and begin the procurement process. The CDC proposes to conduct a single procurement, which will result in a single contract for commercial-off-the-shelf (COTS) software and programming services. In addition, in order to reduce future year General Fund costs, CDC proposes to finance the hardware and software purchases.

*Analyst's Issue.* The LAO has several concerns regarding this proposal. First, the LAO believes that departments should pursue procurement strategies that encourage maximum competition between the qualified vendors. Second, LAO believes that it is important that CDC's BIS system integrate with current and future statewide financial and personnel systems. The LAO's final concern is in regards to the proposed use of financing for both hardware and software purchases.

*Analyst's Recommendation.* The LAO recommends that the Legislature adopt the following trailer bill language that (1) directs CDC to use a multi-procurement strategy, (2) requires CDC to integrate the BIS system with other statewide financial and personnel systems, and (3) limits the use of financing to only hardware.

The Department of Corrections shall conduct two or more procurements for the software purchase and development of the Business Information System Project. The BIS system shall be developed to allow integration with other relevant statewide financial and personnel systems. The Department of Corrections may consider the use of financing for only hardware purchases and shall not use financing for software purchases.

*Staff Recommendation.* Staff recommends approval of the LAO recommendation.  
Action

## 5. Scheduling Adjustment

*Finance Letter Request.* \$47,626,000 is proposed to be moved from the Institution Program and placed in a newly established Program 23 – Bargaining Unit 6 Provision 8.05, Section H. There is no net funding impact to the Department from this adjustment. Budget Bill language is proposed that specifies that all funds in the new Program be for post coverage behind employees while they attend Off-Post Training Sessions, pursuant to the Memorandum of Understanding with Bargaining Unit 6.

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Provisions:

11. The Department of Finance shall analyze the impact of any renegotiation of the Memorandum of Understanding with Bargaining Unit 6, and shall update the estimated savings. Furthermore, as part of the annual review of the Department of Corrections' Post Relief Factors, the Department of Finance shall make adjustments commensurate with actual usage of leave.
12. The funds contained in Schedule 2.5 of this Item are to provide post coverage for employees when they are attending the Off-Post Training Sessions, as specified in Provision 8.05, Section H of the Memorandum of Understanding with the California Correctional Peace Officers' Association that is valid from July 1, 2001 through July 2, 2006.

*Staff Recommendation.* Staff recommends approval of the scheduling change.  
Action

## 6. May Revise: Administration Reductions and Efficiencies

The May Revise proposes \$476.7 million in reductions (\$400 million was included in the January budget). Of this amount, \$300 million is anticipated from MOU contract renegotiations, \$169.9 million is from savings, and \$6.8 million is from lease revenue savings.

The \$300 million does not include a reduction to the CDC appropriation. Of the total, \$254.4 million would be part of the Statewide Employee Compensation Budget Item (to be discussed in Subcommittee No. 4), and \$45.6 million is set aside in the CDC budget as potential operational savings from renegotiations.

The \$169.9 million in savings proposals fall into three categories: Operational Efficiencies, Medical Improvements, and Parole Accountability.

### **A. Operational Efficiencies.**

The May revise proposes \$36.6 million in the administrative efficiencies detailed below.

**Action Item. Staff Recommendation.** Staff recommends approval of Operational Efficiencies bulleted below for savings of \$35 million.  
Action.

- **Consolidated Purchasing**—\$1.3 million savings associated with the establishment of a central unit to handle all purchasing of Law Books, Correctional Equipment, Parole Outpatient Prescriptions, and other items.
- **Reduce Training at the Basic Correctional Officer Academy**—A reduction of \$18.1 million resulting from the need to only train one class of 640 cadets in 2004-05, and the use of Community Colleges courses for part of the training beginning in 2005-06.
- **Reduce Energy Expenditures**—\$1.4 million savings to result from energy auditors visiting institutions to identify ways to decrease energy usage.
- **Headquarters Reductions**—A reduction of \$11.3 million from Headquarters to result from the elimination of some vacant positions and various reductions of Operating Expenses & Equipment, based on streamlining processes and prioritizing workload.
- **Classification Services Unit Reductions**—\$3.2 million savings associated with the elimination of positions, due to streamlining review processes and elimination of the review of some files.

### **Discussion Item.**

#### **1) Two Hot Meals on Weekends and Holidays.**

The CDC indicates that the savings of \$1.3 million would be achieved by conducting a pilot at 11 institutions to serve a hot meal in mid-morning instead of a traditional breakfast and sack lunch on holidays and weekends. The CDC estimates savings based on 2002-03 cost and assumed savings of 3 percent from yearly food costs at 11 institutions.

*Staff Recommendation.* Staff recommends rejection of this proposal.  
Action.

**B. Medical Improvements.**

The May Revise proposes a total of \$48 million in medical savings for the budget year.

**Action Item. Staff Recommendation.** Staff recommends approval of Medical Savings Finance Letters regarding items bulleted below for savings of \$32.1 million.  
Action.

- **Hepatitis C Clinical Management**—\$1,175,000 savings as a result of using CDC physicians to perform liver biopsies in CDC medical facilities instead of contracting for this service.
- **Pharmacy and Medication Management**—A reduction of \$4,825,000 to result from the modification of the Department's prescription practices for four high-cost drug categories, without compromising therapeutic benefit or quality care standards.
- **Response to Bureau of State Audits Report on Contract Medical Services**—A reduction of \$26.1 million to reflect implementation of the recommendations of the April 2004 Bureau of State Audits report regarding CDC's contract medical practices, as well as other program enhancements intended to reduce costs while maintaining appropriate levels of inmate health care.

**Discussion Items****1) Reclassify Psychiatrists to Nurse Practitioners.**

This Finance Letter proposes \$1.4 million in savings associated with the reclassification of 23.5 Staff Psychiatrist positions to Nurse Practitioners to perform certain mental health functions. The proposal notes that currently the Department of Mental Health (DMH) utilizes Nurse Practitioners in lieu of Staff Psychiatrist positions and notes that DMH has developed a set of standardized procedures and a comprehensive training program to ensure a successful transition for staff.

CDC indicates that these vacant psychiatrist positions are now filled using registry staff psychiatrists. The current vacancy rate for staff psychiatrists is 30 percent. Filling these positions with Nurse Practitioners could allow greater continuity of care for fewer resources by hiring civil service employees rather than more costly registry contracts.

*Staff Recommendation.* Staff recommends not approving the proposed reclassification.  
Action.

**2) Medi-Cal Rates for Hospital, Hospital Emergency Services, and Ambulance Emergency Services.**

The administration proposes \$14.5 million in budget year savings from trailer bill language enabling CDC to obtain medical services at the same rates Medi-Cal rates as established by the California Medical Assistance Commission (CMAC). The savings estimates in the budget year assume 3 months implementation.

- **Ambulance Emergency Medical Services (EMS) at Medi-Cal Rates.** This proposes a reduction of \$250,000 savings to result from the enactment of legislation requiring “911” ambulance providers to be reimbursed at Medi-Cal rates.
- **Hospital EMS at Medi-Cal Rates.** \$1,725,000 savings to result from the enactment of legislation that would require emergency hospital providers to be reimbursed at Medi-Cal rates.
- **All Hospital Services Reimbursed at Medi-Cal Rates—**\$12.5 million savings to result from the enactment of legislation requiring that all hospitals be reimbursed for provision of medical services to CDC inmates at Medi-Cal rates.

*Staff Recommendation.* Staff recommends approval of the funding reduction and adoption of placeholder trailer bill language to ensure that inmate access to healthcare is maintained at lower costs.  
Action.

### **C. Parole Accountability Proposals**

The May Revision proposes \$85.4 million in savings from a variety of parole accountability proposals.

#### **Discussion Items**

##### **1) Provide More Opportunities to Succeed for Graduated Sanctions**

This proposal notes that statistics show that as an example, treatment for substance abuse – which is a primary contributing factor to parolee recidivism, is a gradual process and that it is not uncommon for substance abusers to relapse. The State’s current policy to utilize sanctions only one time may have a negative impact on the ability to achieve reintegration goals. The proposal would give parole agents the option to consider individual case dynamics and when appropriate, apply sanctions more than once. This proposal estimates savings of \$18.3 million in 2004-05 and \$17.9 million in 2005-06.

*Staff Recommendation.* Staff recommends approval of the proposal.  
Action.

##### **2) Allow Technical and Minor Violators of Parole Access to Graduated Sanctions**

Under this proposal, through the supervision of parole agents and a risk assessment approach, eligibility for sanctions will be based on the violation, not the underlying offense of the parolee. The graduated sanctions would be applied to an expanded criterion of approximately 20,000 additional parolees who commit minor violations of parole or law at a savings of \$14.4 million in 2004-05 and \$14.1 million in 2005-06.

*Staff Recommendation.* Staff recommends approval of the proposal.  
Action.



**3) Discharge From Parole Consistent with Current Law**

The proposal indicates that Board of Prison Term regulations would be reviewed and amended, as necessary, to ensure that parolees are discharged at the time specified in statute. The proposal indicates that a significant savings would be achieved if parolees with 12 consecutive months of “clean time” are discharged. This practice would save a total of \$59.5 million.

*Staff Recommendation.* Staff recommends approval of the proposal.  
Action.

**4) Expansion of the Restitution Work Furlough Program.**

Inmates in the Restitution Program are court commitments that must have a sentence of three years or less. Restitution Centers provide a means for those sentence to prison to pay court ordered victim restitution fines. The restitution inmate wages are distributed as follows—1/3 to restitution, 1/3 to the state, and 1/3 to the inmates’ savings account. This proposal would expand the Restitution Program from 110 current beds to 500 statewide.

*Fiscal.* The May Revise includes an increase of \$4.9 million in the budget year and assumes savings of \$3.3 million for a net cost of \$1.6 million. The full year costs are estimated at \$9.6 million with projected savings of \$6.6 for a net cost of \$3 million.

*Staff Recommendation.* Staff recommends reducing the number of new beds in the first year to 200 for estimated costs of \$2.5 million. Staff further recommends adoption of savings of \$2.5 million and the following provisional language:

The department shall develop policies that ensure that the new Restitution Program beds are cost neutral in 2004-05 and 2005-06.

Action.

**5) Expansion of the Substance Abuse Treatment and Recovery (STAR) program.**

This proposal seeks to expand the STAR program, which is an instructional-based treatment program designed to teach parolees how to address and prevent substance abuse. This proposal would expand the STAR program to an additional 25 sites for a total of 53 sites statewide. The proposal includes additional costs of \$1.4 million for the program (\$2.8 million ongoing) and estimates savings of \$6.1 million in the budget year (\$12.2 million ongoing ) for net savings of \$4.7 million in the budget year and \$9.4 million ongoing.

*Staff Recommendation.* Staff recommends approval of the proposal.  
Action.

**6) Expansion of the PACT Program**

Parole and Corrections Teams (PACTs) consist of police, community service providers and correctional staff who work in teams to facilitate parolee orientation. This program would increase expand the number of sites statewide from 35 to 50. The cost in the budget year for the expansion is \$1 million.

*Staff Recommendation.* Staff recommends approval of the proposal.  
Action.

#### **7) LEADS Database.**

The ParoleLEADS application provides parolee data to over 400 law enforcement agencies throughout California. The current program was created in 1997 and needs updating to its software and hardware. The cost to augment the hardware and software would be \$2.7 million in the budget year, \$5.5 million in 2005-06, and \$450,000 ongoing.

*Analyst's Recommendation.* The LAO recommends taking an action to send this to conference committee. The LAO notes that this program expansions do not generate savings and that sending the issue to conference will allow further evaluation of the merits.

*Staff Recommendation.* Staff recommends reducing the funding for this program by \$1 million. Given the state's fiscal situation this would allow the costs to be spread out over a longer period of time, save general Fund in the budget year, and the issue to conference.

Action

#### **8) CAL/GANG Database**

The CAL/GANG database is an internet linked software package available to law enforcement agencies that compiles data on criminal gangs. This proposal would provide ongoing funds in the budget for CDC of \$750,000 for the database. This would help provide maintenance for the system housed at the DOJ.

*Staff Recommendation.* At this time, staff does not have detail regarding the proposal. Staff recommends not approving this proposal.

Action.

#### **9) Electronic Monitoring**

This proposal would expand the number of electronic monitoring units, effective January 2005, by an additional 2,000 to provide monitoring to 16,000 parolees for a total of 24,000 parolees per year at a cost of \$1.2 million in 2004-05 and \$2.4 million in 2005-06.

*Staff Recommendation.* Staff recommends approval of the proposal.  
Action.

#### **10) GPS Monitors**

This proposal would pilot a Global Positioning Satellite (GPS) surveillance program for sex offenders in coordination with law enforcement agencies, and would explore the possibility of using GPS as a graduated sanction. The cost to pilot 500 GPS monitors would be \$1.8 million in the budget year, with full year costs of \$3.5 million.

*Staff Recommendation.* Staff notes that as proposed, this request would not provide any savings and would establish a new program. Given the state's fiscal situation, staff recommends delaying the proposal to the next fiscal year.  
Action.

### **11) Program Evaluation**

The administration has indicated that the goals of the parole proposal are to improve parole success and public safety, as well as achieve significant savings in General Fund. The proposal includes \$1.3 million annually to allow CDC to contract with appropriate entities and to hire the necessary staff to implement performance measures, begin evaluating in-prison programs, and provide necessary program and process audits.

*Staff Recommendation.* Staff notes that the program evaluation component seems high. Staff recommends reducing this item to \$300,000 pending additional details on the scope of the evaluation being proposed.  
Action.

### Additional Proposals for CDC Savings

	Savings (\$ in millions)	
	2004-05	2005-06
<p><b>1.) Contract with Felony Drug Court to Treat Parole Violators with New Terms (PV-WNT's).</b> In 2003, almost 12,000 parole violators returned to prison with a new term related to drugs or property offenses. Some might be appropriate for drug courts, but under the current system these offenders are often bypassed because of the need to coordinate supervision with parole and probation.</p> <p><i>Proposal: Authorize Parole to contract with local drug court systems to supervise PV-WNT's who are determined by the local court (including D.A.) as appropriate.</i></p>	1.9	7.7
<p><b>2.) Eliminate "Z" Case Diagnosis Program.</b> Penal Code Section 1203.3 provides that the court may refer a defendant to CDC for diagnosis and treatment for a period not to exceed 90 days, prior to final disposition of the case. The defendant must have committed an offense punishable by a term in state prison. Between January 2001 and December 2003, CDC processed 4,511 "Z" case defendants. Of these only about 1/3<sup>rd</sup> were ultimately sentenced to prison. Fresno county accounted for 39% of all "Z" cases, followed by Los Angeles and San Diego at 19% and 7% respectively.</p> <p><i>Proposal: Adopt placeholder trailer bill language to repeal law authorizing this program.</i></p>	4.7	6
<p><b>3.) Drug Treatment Credit Incentive.</b> This proposal provides that inmates who complete the prison Substance Abuse Treatment program would be eligible to receive 2-for-1 credits. This assumes a 70% graduation rate. It excludes lifers, strikers, sex registrants and offenders with violent and serious offenses or priors. "2 for 1" credits are now provided for inmates participating in fire camps. Additional aftercare beds would also be necessary to improve the program's success in reducing recidivism.</p> <p><i>Proposal: Adopt placeholder trailer bill language authorizing 2 for 1 credits for inmates who graduate from the Substance Abuse Treatment Program, and stating legislative intent to provide residential aftercare for at least 75% treatment graduates by 2008 Provide funding for 500 additional aftercare beds for women using the Treatment Furlough model (April 1, 2005 implementation).</i></p>	2.5	7.1
<p><b>4.) Enhanced Jail Credits Pilot.</b> Current law allows jail inmates to receive up to 1 day of credit for every 3 days in custody (1/3<sup>rd</sup> credits). These credits may also apply to pre trial inmates (who may be sentenced to state prison) and parole violators pending revocation hearing.</p> <p><i>Proposal: Adopt placeholder trailer bill language to allow Los Angeles County to pilot a program that provides the Sheriff with authority to provide day for day credits for inmates who participate in education, drug treatment, vocational training, community service, or other programs determined by the sheriff that reduce recidivism and enhance public safety. Other counties wishing to participate in this program must receive approval from Board of Corrections. .</i></p>	0.8	5.3

<p><b>5.) Drug Treatment Furlough for Civil Addicts.</b> Civil addicts who participate in CDC's substance abuse treatment program are not currently being placed into the drug treatment furlough program. The Civil Addict Program is administered by the Narcotic Addict Evaluation Authority (NAEA), which sets release dates for these offenders.</p> <p><i>Proposal: Adopt Budget Bill Language directing the NAEA to establish procedures for placing civil addicts into treatment furlough beds 120 days prior to release.</i></p>	3.2	4.2
<p><b>6.) Mentally Ill Custody &amp; Treatment Units (MICTU).</b> Between December 2002 and December 2003 there were over 12,000 mentally ill, non violent/non serious parole violators who were returned to custody. The cost of housing and providing treatment to these parole violators was approximately \$64 million. Although enhancements in the existing mentally ill parolee program have reduced recidivism, the return-to-custody rate remains between 45% to 50% in the twelve months following release from prison. At the same time, counties that received Mentally Ill Offender Crime Reduction (MIOCR) grants have developed expertise in successfully managing these offenders.</p> <p><i>Proposal: Authorize Parole to develop a new sanction for non violent/non serious mentally ill parole violators – similar to SATCU's for substance abusers. Parole would contract for participating jails for a 30-60 day in-custody program followed by an intensive aftercare program.</i></p>	1	2
<p><b>7.) Medical Parole.</b> Incapacitated and infirm prisoners who require medical intervention on a full-time, permanent basis are being housed and cared for at full cost to the state. These prisoners, many of whom are incapacitated or in a vegetative state, can require around-the-clock care, in addition to prison supervision. This can result in costs that can easily run into the hundreds of thousands of dollars per patient, per year.</p> <p><i>Proposal: Adopt placeholder trailer bill language to authorize the CDC Director to parole severely ill or incapacitated inmates to a health care facility.</i></p>	3	3
<p><b>8.) Delay Activation of Delano II by 3 months.</b> The new prison is scheduled for activation in April 2005.</p> <p><i>Proposal: Delay activation to achieve a one-time savings.</i></p>	10	0
<b>Total</b>	<b>27.1</b>	<b>35.3</b>

### Other Options:

The Administration proposed reductions assume \$300 million in savings related to collective bargaining negotiations. As these negotiations proceed, the Subcommittee may wish to consider additional alternatives to preserve options that would result in General Fund savings in CDC's budget.

	2004-05	2005-06
<b>A) No Parole Supervision for Non Violent/Non Serious Offenders.</b> This would eliminate parole supervision upon release from prison for non violent/non serious offenders without prior violent or serious offenses. <i>Note: the estimate is the net savings above the Administration's proposal to discharge after 12 months of "clean time, which saves \$59.5 million). Assumes 7/1/04 implementation. Requires TBL.</i>	93.9	128.8
<b>B) No Prison for Petty Theft with a Prior.</b> This offense would become a misdemeanor. <i>This would eliminate state prison as a sentencing option for those persons convicted of PC Section 666 (Petty Theft with a Prior) with no other felony and would make the offense a misdemeanor rather than a wobbler (felony/misdemeanor).</i>	7.3	14.6